

Rewald Firm's Investors Tell Tales of Woe

By Charles Memminger
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The first of what will be scores of investors took the witness stand today and yesterday to describe how they were convinced to put money in Ronald Rewald's company.

Rewald, on trial on multiple counts of fraud and perjury, sat at the counsel table quietly taking notes while witnesses after witnesses told the jury how they were taken in by the affable investment counselor.

Daniel Sutton described how he took to Rewald some stocks he and his sister owned to ask what he should do with them. Without consulting any market report to see what the stocks were worth, Rewald told Sutton that the stocks should be sold. The \$7,500 proceeds from the sale were then invested in Bishop, Baldwin, Rewald, Dillingham & Wong.

That amount was lost along with millions of dollars of other investors' money when the company collapsed in 1983.

SUTTON SAID he felt uncomfortable when he met with Rewald in Rewald's plush Grosvenor Center offices.

"I felt like I was taking up his time," he said.

Because Rewald claimed that there was a two-year waiting list of people wanting to invest, many of those who have testified said they felt "honored" that Rewald would take their money.

One was Helen M. Brown, a retired Wisconsin school teacher. She had \$2,000 to invest and asked Rewald "if he would bother with it."

Rewald did, along with another \$1,500 Brown received from the National Retired Teacher's Association.

All was lost in the company's collapse.

Brown said she had to borrow money so she could live in a retirement home.

Rewald's attorney said in his opening statement that Rewald would not deny he took money from investors, but said he was doing so to preserve his CIA cover as a wealthy businessman.

AS THE RICH businessman, Rewald also bought a lot of cars. John Monnett, an auto dealer, described in court this morning how Rewald bought a number of exotic and expensive cars.

One investor Rewald did not easily win over was Edwin Thomas.

Thomas described this morning how Rewald tried to get him to become a client while Thomas tried to sell Rewald a house.

Thomas, in his 70s, described a meeting with Rewald in which "he made his pitch to get me as a client and I made a pitch to get him to buy the house."

Thomas was eventually successful.

In October 1980, Rewald put \$80,000 down on the house on Kalanianaʻole Highway and agreed to pay \$10,000 a month. Rewald also would come up with a \$200,000 balloon payment after a year.

But Rewald continued to pester Thomas to open an account and even started an account for Thomas with \$1,000 of Bishop, Baldwin money.

"Mr. Rewald, being a kindly man, several times called me (and) usually put in a plug that they'd like to have me as a client," Thomas said.

THOMAS SAID that he finally put in \$5,000 with his "tongue in cheek."

Because the bankrupt estate still owed Thomas about \$600,000, Thomas was able to get the house back.

He later sold it to a Japanese businessman for just under a million dollars.

Yesterday, several other investors told how they were persuaded personally by Rewald to invest money in his company.

Among them were:

✓ Joseph Sem, a heart attack victim who Rewald convinced to make a will and trust with Rewald as trustee. The former Wisconsin resident said he gave Rewald his power of attorney. Sem and his wife lost more than \$100,000.

✓ Katsuyo Tajiri, a widow and lifelong resident of Hawaii who said she thought that the old Hawaiian families Bishop, Baldwin and Dillingham were involved in the company. "I trusted it," she said. She lost some \$42,000.

✓ Shinji Shirashi, a mechanic whom Rewald hired to work on his numerous cars. Not only did Rewald put Shirashi's \$800 a month salary in a company account, he convinced Shirashi to move a \$10,000 trust account from another bank into Bishop, Baldwin. All was lost.

✓ Nanette Jacinto, who felt "privileged" that Rewald allowed her to invest the \$40,000 proceeds from the sale of a house. After all, she said, the company's literature said the average client was worth \$4 million and there was supposed to be a waiting list of investors. She lost the money.

✓ Dr. David Brown, a dentist, and his wife, who borrowed money against the wife's \$200,000 trust so they could put the money in Bishop, Baldwin. They did so, Brown said, on the advice of Gerald Lam, a lawyer and part-time District Court judge. Lam was a Rewald consultant.